

875—218.205(91D) Directly related to management policies or general business operations.

218.205(1) The phrase “directly related to management policies or general business operations of the employer or the employer’s customers” describes those types of activities relating to the administrative operations of a business as distinguished from “production” or, in a retail or service establishment, “sales” work. In addition to describing the types of activities, the phrase limits the exemption to persons who perform work of substantial importance to the management or operation of the business of the employer or the employer’s customers.

218.205(2) The administrative operations of the business include the work performed by so-called “white-collar” employees engaged in “servicing” a business as, for example, advising the management, planning, negotiating, representing the company, purchasing, promoting sales, and business research and control. An employee performing work is engaged in activities relating to the administrative operations of the business notwithstanding that the employee is employed as an administrative assistant to an executive in the production department of the business.

218.205(3) As used to describe work of substantial importance to the management or operation of the business, the phrase “directly related to management policies or general business operations” is not limited to persons who participate in the formulation of management policies or in the operation of the business as a whole. Employees whose work is “directly related” to management policies or to general business operations include those whose work affects policy or whose responsibility it is to execute or carry it out. The phrase also includes a wide variety of persons who either carry out major assignments in conducting the operations of the business, or whose work affects business operations to a substantial degree, even though their assignments are tasks related to the operation of a particular segment of the business.

218.205(4) The “management policies or general business operations” may be those of the employer or the employer’s customers. For example, many bona fide administrative employees perform important functions as advisers and consultants but are employed by a concern engaged in furnishing such services for a fee. Typical instances are tax experts, labor relations consultants, financial consultants, systems analysts, or resident buyers. Employees, if they meet the other requirements of rule 218.2(91D), qualify for exemption regardless of whether the management policies or general business operations to which their work is directly related are those of their employer’s clients or customers or those of their employer.

SOURCE: 29 CFR 541.205.